

## **Identification of the Area**

**Name or Designation:**        **Area 32: North Downtown Seattle**

### **Boundaries:**

Area 32, or North Downtown Seattle, as identified by the King County Department of Assessments lies immediately north and west of the Seattle's Central Business District, south of Queen Anne Hill, and east of Capital Hill. It includes the Downtown Elliot Bay waterfront, Belltown, Lower Queen Anne and the Seattle Center, and South Lake Union. Belltown and Lower Queen Anne are dynamic, urban neighborhoods with a mix of commercial and residential uses. South Lake Union is a neighborhood in transition from an underutilized commercial/warehouse/residential district to a neighborhood of new offices, biotechnical labs, retail and multi-family housing.

The boundary of Area 32 on the north is West Olympic Place, West Aloha Street and East Galer Street. The southern border is along Lenora Street to 5<sup>th</sup> Avenue and along Denny Way and South Washington Street. The west boundary is the Elliott waterfront and the east boundary is Interstate 5 in the north portion, and 5<sup>th</sup> Avenue in the Belltown neighborhood.

### **Maps:**

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

### **Area Description:**

Area 32, known as North Downtown Seattle, is divided into four neighborhoods. They are generally similar in their mixed-use zones. Commercial, community and regional service enterprises, and multifamily land uses predominate. They are typically distinguished by their respective arterial linkages south into Downtown proper, and north into the predominantly residential parts of Seattle beyond the Lake Washington Ship Canal. A brief description of the four neighborhoods follows.

### **Belltown: Area 32-10**

**Boundaries:** Belltown is bounded on the north by Denny Way, on the south by Lenora Street and the Pike Place Market, on the west by Elliott Avenue, and on the east by Fifth Avenue.

**Neighborhood Description:** This area is primarily zoned Downtown Mixed Residential (DMR) with Downtown Mixed Commercial (DMC) zoned parcels located in the north boundary. Belltown, a major part of Seattle's fastest growing neighborhood (Denny Regrade), once again is seeing substantial new, mixed-use development. Historically Belltown was a neighborhood of apartments and rooming houses, union halls, and marginal businesses, in proximity to the city center. In the mid-1970's the city approved new zoning to encourage construction of a mid to high-rise residential district. In the late 1980's and 1990's as the regional economy grew, development in Belltown accelerated. Condominiums, apartment buildings, retail and restaurants, and mid-rise office buildings were built. With the economic slowdown in the early 2000's sales of commercial development sites were few and new construction was limited. With the current strong regional economy, once again there is strong sales activity and development of mixed use residential (condominium and apartment) buildings throughout the neighborhood. The proximity to Pike Place Market, the waterfront, Seattle Center, and the Central Business District jobs and amenities, has made Belltown an attractive, twenty-four hour, in-city neighborhood. Recent developments include the opening of the Olympic Sculpture Park.

The Comprehensive Plan estimates that an additional 6,500 households will be constructed in Belltown by the year 2014. This area is primarily targeted to increase residential units' occupancies in the neighborhood by encouraging investors and developers to construct apartments and/or condominiums. The zone classifications for Belltown (Area 32-10) are Downtown Mixed Residential (DMR), designated as either Downtown Mixed Residential/Residential (DMR/R) or Downtown Mixed Residential/Commercial (DMR/C). These designations have a building height limit that ranges from 65 feet to 240 feet. The northern portion of the neighborhood along Denny Way has the zone classification of Downtown Mixed Commercial with a building height limit of 65 to 240 feet.

### **South Lake Union: Area 32-20**

**Boundaries:** This area is located east of 6th Avenue North, south of Galer Street and Lake Union, west of I-5, and north of Denny Way.

**Neighborhood Description:** South Lake Union is a neighborhood in transition. Historically called the Cascade Neighborhood, residential use had declined since the 1950's when zoning changes limited new residential uses and promoted light manufacturing uses. Construction of I-5 in the 1960's cut off the neighborhood from the west portion of Capital Hill. In the late 1980's the in-close location and the lower land

values started to get the attention of several biotech and high tech companies. Fred Hutchinson Cancer Research Center, and later Zymogenetics located in the northeast sector of the neighborhood, while in the southeast sector REI relocated their flagship store in 1995. In the mid 1990's the concept of the 74 acre "Seattle Commons" park was defeated twice. Subsequently, the City of Seattle and developers including the Vulcan NW Group (that has accumulated 60 acres) have put in place development plans that are transforming the South Lake Union neighborhood into a new commercial/residential neighborhood. The initial focus on biotech and biomedical research has evolved into more commercial uses, including new single tenant and multi-tenant office buildings.

In 2004, Seattle's Comprehensive plan update designated South Lake Union as an Urban Center to recognize the expected growth. Under the new targets, the Comprehensive Plan calls for 16,000 new jobs and 8,000 new households to be added to the neighborhood between 2004 and 2024. There is zoning capacity for over 8,000,000 square feet of commercial space.

The planning area includes areas zoned for light-industrial, commercial and residential development. Twelve blocks in the center of the area are zoned Industrial Commercial (IC) to accommodate a mix of industrial and commercial activities, including biotech and high-tech research and development uses, but not residential. The Cascade neighborhood, east of Fairview and south of the Mercer ramps to 1-5 is zoned Seattle Mixed Use (SM) allows a mix of residential and non-residential uses. This zoning has recently been applied to areas west of Fairview, that were not zoned IC. The remainder of the South Lake Union Urban Center is zoned Commercial 2 (C2) which accommodates auto-oriented and more intense commercial activity.

Changes in the zoning regulations allow higher building height limitations to accommodate biotech buildings and support higher residential density. Planned infrastructure improvements include a new substation, a waterfront park, a revamped Mercer Street, and a street car service. Work is currently in progress on the street car and the waterfront park.

### **Lower Queen Anne Hill: Area 32-30**

**Boundaries:** This area is located east of the Puget Sound waterfront, south of West Olympic Place and West Aloha Street, west of 6th Avenue North, and north of Denny Way.

**Neighborhood Description:** This area consists of mixed-use properties, predominately apartments and residential condominiums, and mid and low-rise office buildings. The area also is in demand for small-office, owner-occupant properties by those who want to be in a close-in, urban neighborhood. The major landholder is the City of Seattle with the Seattle Center which includes Key Arena, Pacific Science Center, Memorial Stadium, Opera House, Pacific Science Center, the Space Needle and Experience Music Project

Museum. There are many retail businesses, hotels, restaurants, and related parking structures adjacent to Seattle Center.

The planned campus development of twelve acres of land adjacent the Seattle Center for the Gates Foundation headquarters is expected to spur additional mixed use development in the east portion of the Lower Queen Anne neighborhood. The foundation's plans include 1 million square feet of offices in three buildings. The first two buildings with 600,000 square feet of offices will be built between 2008 and 2010. Currently a parking garage that will be used by the public and the foundation is under construction.

Zoning classifications include Neighborhood Commercial (NC3), and Seattle Mixed Use (SM). These designations allow a wide range of retail, office, and business support services, and multi-family residential. Most uses with the exception of light manufacturing and warehouse have no size limits. Residential density and development height are set by maximum building heights of 40, 65, and 85 feet. The SM zoning is located in the corridor north of Denny Way and east of the Seattle Center.

Multi-family residential classifications include Lowrise 3 (L3) which permits 3-story low-rise apartment buildings or townhouses with a density limit of 1 unit/800 site square feet, and Mid-rise (MR) permits a maximum building height of 60 feet with no limit on density. These properties are generally located north of Roy Street and the commercial business area.

Commercial/Industrial designations are generally located along the Elliott Way Corridor. They include Commercial 2 (C2) and Industrial Commercial (IC). Building height is limited to 40 and 45 feet and residential use would require a conditional use permit even when provided as part of a mixed use building.

### **Downtown Harborfront: Area 32-40**

**Boundaries:** This neighborhood comprises the upland parcels along Seattle Elliott Bay Pier Waterfront and Alaskan Way, from South Washington Street at the southwestern boundary to Broad Street at the northwestern boundary. The Alaska Way Viaduct physically separates this waterfront area from Belltown, the CBD, and Pioneer Square to the east.

**Neighborhood Description:** The Downtown Harborfront neighborhood, known as the Central Waterfront, is located across from the downtown pier area. The area's improved parcels include retail and restaurants, hotels, office buildings, parking garages, mixed-use multi-family dwellings, storage warehouse, and office warehouse use. The Washington State Ferry Terminal at the Colman Dock, the Seattle Aquarium, the Port of Seattle Marina and Cruise Ship Terminal, the Edgewater Inn, and the Victoria Clipper terminal are well known landmarks. In recent years there has been considerable development of residential condominiums and a new Marriot hotel in the north sector of this area, on the

east side of Alaskan Way. In the future Area 32-40 will be impacted by the configuration of the central portion of the Alaskan Way Viaduct and the adjacent seawall.

The zone classifications are Downtown Harborfront-1 (DH-1) and Downtown Harborfront-2 (DH-2).

Downtown Harborfront-1 (DH-1) zone applies to waterfront lots and adjacent harbor areas where economically viable marine uses are encouraged to meet the needs of waterborne commerce, facilitate the revitalization of downtown's waterfront, provide opportunities for public access and recreational enjoyment of the shoreline, preserve and enhance elements of historic and cultural significance, and preserve views of Elliott Bay and the land forms beyond. To preserve and restore the historic maritime character of Piers 54 through 59 (but excluding the new Aquarium structure); development standards are augmented by Historic Character Area guidelines. Water dependent uses are encouraged through development standards that allow greater development potential and design flexibility than permitted by the base regulations.

Downtown Harborfront-2 (DH-2) zone applies to those areas near the downtown shoreline where development potential offers the opportunity to enhance public access and enjoyment of the waterfront. Because the areas designated DH-2 are partially within a shoreline environment, development standards include use and bulk regulations to carry out shorelines goals, and preserve views of the water. A diversity of uses and buildings of small scale are preferred. Incentives are offered for the provision of public open space integrated with an overall plan for public access improvements.

The general provision of these two zone classifications is that all uses shall meet the development standards of the Seattle Shoreline Master Program, and development rights may not be transferred to or from lots in DH-1 or DH-2 zones. The zone designation for this neighborhood is intended to provide commercial activities in support of shoreline goals and related office, commercial, retail and residential uses. This area is intended to provide a transition in scale and character between the waterfront and adjacent downtown areas.

### **Physical Inspection Identification:**

Neighborhood Area 32-20 (South Lake Union) was physically inspected for the 2007 assessment year.

### **Preliminary Ratio Analysis**

A Ratio Study was completed just prior to the application of the 2007 recommended values. This study benchmarks the current assessment level using 2006 posted values. The study was also repeated after application of the 2007 recommended values. The results are included in the validation section of this report, showing improvement in the Coefficient of Variation (COV) from 25.36% to 11.63%, Coefficient of Dispersion

(COD) from 17.99% to 8.90%. The weighted mean ratio which is a statistical measure of assessment level went from 83.8% to 96%. The Price-related Differential (PRD) went from 1.00 to 1.01.

## **Scope of Data**

### **Land Value Data:**

Vacant sales that closed between 1/09/2004 to 12/19/2006 were given primary consideration for valuing the land parcels in Area 32.

The primary unit of comparison considered was based on price per square foot of land area. "Shell" sales, interim use sales, tear down sales, and land transactions that included plans and permits were considered in the analysis of the land values. The comparative sales approach generally is considered the most reliable method for land valuation. Zoning, location, and site size were primary variables considered in the valuation process.

### **Improved Parcel Total Value Data:**

Improved sales that closed from 1/15/2004 to 12/19/2006 were given the greatest consideration for establishing total value estimates. Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales were verified, if possible, by contacting either the purchaser or seller, inquiring in the field or contacting the real estate broker. Characteristic data is verified for all sales when possible. Due to time constraints, interior inspections were limited. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report.

## **Land Value**

### **Land Sales, Analysis, Conclusions**

There were 51 sales considered in Area 32 which include sub-areas 32-10, 32-20, 32-30, and 32-40. These neighborhoods are typically distinguished by their predominant zone classification. In analyzing the sales in Area 32, neighborhood, location within the neighborhood, zoning and height limit availabilities, and size and utility of the site were also considered. In Lower Queen Anne (Area 32-30) views were considered for land parcels with L – 3 and MR zoning. When recent sales were unavailable such as in sub-area 32-40 the Downtown Waterfront, sales from other neighborhoods were considered.

### **Belltown: Area 32-10**

A review of existing and new land sales, indicate that an increase in land value for most zoning designations is appropriate. The range of value for many of the DMR zone designations reflects adjustments for size, location, and utility of the individual parcels. The table below represents the 2007 estimated land value per square foot for each zone in the Belltown Area.

32-10	Belltown	DMC 65	\$155 to \$165
32-10	Belltown	DMC 85	\$175
32-10	Belltown	DMR/R 85/65	\$170 to \$195
32-10	Belltown	DMR/R 125/ 65	\$185 to \$230
32-10	Belltown	DMR/R 240/65	\$195 to \$240
32-10	Belltown	DMR/C 85/65	\$175 to \$210
32-10	Belltown	DMR/C 125/65	\$200 to \$245
32-10	Belltown	DMR/C 240/125	\$205 to \$260
32-10	Belltown – Seattle Puget Sound Pier Waterfront (restricted use water parcel)	DH1-45	\$5

### South Lake Union: Area 32-20

Land sales support an increase in land value for parcels in most zone designations and areas within the neighborhood. The table below represents the 2007 estimated land value per square foot for each zone in the South Lake Union Area. Parcels with waterfront on Lake Union were removed from the geographical appraiser's responsibility and are valued by the waterfront specialist. These parcels are coded as Area 12.

32-20	South Lake Union	NC3-40'	\$105
32-20	South Lake Union	SM- 40'	\$105
32-20	South Lake Union	SM-65'	\$120 to \$145
32-20	South Lake Union	SM/R-55/75'	\$120 to \$145
32-20	South Lake Union	SM - 75	\$130 to \$160
32-20	South Lake Union	SM-85'	\$140 to \$175
32-20	South Lake Union	SM-125'	\$155 to \$185
32-20	South Lake Union	C1-65'	\$100 to \$105
32-20	South Lake Union	C2-40'	\$115
32-20	South Lake Union	C2-65'	\$135
32-20	South Lake Union	C2-85'	\$145
32-20	South Lake Union	IC-45'	\$110
32-20	South Lake Union	IC-65'	\$125 to \$135
32-20	South Lake Union	IC-85'	\$135

The range of values for certain zone designations reflects location, size, access, and utility. The land values of a few parcels along the east side of Aurora Avenue were adjusted for topography.



### Lower Queen Anne Hill: Area 32-30

Land sales in this neighborhood support increases in the land value of parcels in most zoning designations. The table below represents the 2007 estimated land value per square foot for each zone in the Lower Queen Anne Hill Area.

32-30	Lower Queen Anne	MR	\$95 to \$125
32-30	Lower Queen Anne	L-3 RC	\$80
32-30	Lower Queen Anne	L-3	\$80 to \$130
32-30	Lower Queen Anne	NC2-40'	\$100
32-30	Lower Queen Anne	NC3-40'	\$105 to \$110
32-30	Lower Queen Anne	NC3-40/P1	\$110
32-30	Lower Queen Anne	NC3-65'	\$130 to \$145
32-30	Lower Queen Anne	NC3-85'	\$140 to \$175
32-30	Lower Queen Anne	SM-85'	\$140 to \$175
32-30	Lower Queen Anne	C2-40'	\$65 to \$100
32-30	Lower Queen Anne	IC-45'	\$50 to \$100
32-30	Lower Queen Anne	IC1 U-45	\$35

The range of values for certain zone designations reflects location, size, utility, view potential, and topography of individual parcels within the sub-area. MR and L-3 parcels with good to excellent views represent the upper range of value.

### **Downtown Harborfront: Areas 32-40**

Due to the lack of land sales in this neighborhood, land sales in Areas 32-10, 32-30, 30-60, 30-80, and 30-100 were considered to estimate the land value. The table below indicates the 2007 estimated land per square foot for each zone.

32-40	Downtown Harborfront	DH2-65	\$155
32-40	Downtown Harborfront	DH2-85	\$140 to \$165
32-40	Downtown Harborfront	DH2-55	\$125 - \$145
32-40	Downtown Harborfront – Seattle Puget Sound Pier Waterfront (Tidelands)	DH1-45	\$35

The total assessed land value in Area 32 (not including land of specialty parcels) for the 2006 assessment year was \$2,019,366,882 and the 2007 total recommended assessed land value is \$2,509,939,900. Application of these recommended values for the 2007 assessment year (taxes payable in 2008) results in an increase of 24.1 %. This increase is primarily due to strong upward market changes in Belltown (32-10) South Lake Union market area (32-20) and Lower Queen Anne (32-30).

A list of vacant sales used and those considered not reflective of market are included in the following sections.

## **Improved Parcel Total Values:**

### **Sales Comparison Approach model description**

The model for sales comparison was based on characteristics from the Assessor's records including location, effective age, building quality and net rentable area. Sales with characteristics most similar to the subject properties were considered.

The improved sales used range in date from 1/15/2004 to 12/27/2006. There were 62 improved sales in Area 32 that were considered as fair market transactions reflective of the market conditions. These sales were organized into market segments based on predominant use. The sale price ranges serve to establish a general upper and lower market boundary for the various property types within the subject area and were useful when analyzing the income parameters and capitalization rates used in the income models for the various neighborhoods. Location, quality, and effective age were factors considered for adjustment. Stratification of these sales shows the following market ranges:

- |    |   |                            |
|----|---|----------------------------|
| 1) | Offices (25,000 SF rentable or larger): | \$123 to \$283 per sq. ft. |
| 2) | Offices (under 25,000 SF rentable):     | \$136 to \$269 per sq. ft. |
| 3) | Retail                                  | \$146 to \$625 per sq. ft. |
| 4) | Warehouse/Light Industrial              | \$76 to \$156 per sq. ft.  |
| 6) | Commercial Condominium Units            | \$148 to \$455 per sq. ft. |

### **Cost Approach model description**

Cost estimates are automatically calculated via the Marshall & Swift Valuation modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area. Cost estimates were relied upon for valuing special use properties where comparable sales data and/or income/expense information is not available. These properties are typically exempt properties such as churches, schools, public utility buildings, and park improvements. Non-exempt buildings that are valued by the Cost method might be fraternal halls, daycares, and on-going new construction.

### **Cost calibration**

The Marshall & Swift Valuation modeling system which is built in the Real Property Application is calibrated to the region and the Seattle area.

### **Income Capitalization Approach model description**

The Income Approach was considered a reliable approach to valuation throughout Area 32 for improved property types where income and expense data is available to ascertain market rates. Income parameters were derived from the market place through market rental surveys, sales, and available real estates publications and websites.

The following tables are the results of an analysis of this information. The tables stratify the major property types for each area and the income parameters that were typically used.

**Belltown: Area 32-10 &  
Downtown Harbor: Area 32-40**

<b>Property Type</b>	<b>Rent/SF Range</b>	<b>Vacancy Rate</b>	<b>Expense Rate</b>	<b>OAR</b>
Office	\$14 to \$32	8 to 12%	35%	6.5% to 8.5%
Open Office	\$12 to \$26	10% to 12%	35%	7.5% to 9%
Loft Basement Office Mezzaninies Office	\$12 to \$20	12% to 15%	35%	7.5% to 9%
Retail, Restaurant	\$14 to \$25	5% to 10%	5% to 15%	6.5% to 8.5%
Basement Finished, Mezz, Balcony	\$7 to \$12	5% to 12%	10% to 15%	8% to 9%
Discount Store, Supermarket, Dept Store	\$11 to \$21	5% to 15%	5% to 15%	6.5% to 8.5%
Storage Warehouse Light Manufacturing	\$7 to \$12	10% to 15%	5% to 15%	7% to 9%
Line Retail	\$20 to \$32	5% to 10%	5%	6.5% to 7.5%
Service Garage Repair	\$11 to \$19	5% to 15%	10% to 20%	8% to 9%

**South Lake Union: Area 32-20**

Property Type	Rent/SF Range	Vacancy Rate	Expense Rate	OAR
Office	\$14 to \$32	5% to 10%	35%	6.5% to 8.5%
Open Office	\$12 to \$24	5% to 15%	35%	7.5% to 9%
Loft Basement Office Mezzanines Office	\$12 to \$20	10%	35%	7.5% to 9%
Retail, Restaurant	\$14 to \$25	5% to 10%	10% to 15%	6.5% to 8.5%
Line Retail	\$18 to \$30	5% to 10%	5% to 10%	7% to 8.5%
Basement Finished, Mezz, Balcony	\$7 to \$14	5% to 12%	10% to 15%	8% to 9 %
Discount Store, Supermarket, Dept Store	\$12 to \$21	5% to 15%	5% to 15%	6.5% to 8.5%
Warehouse Storage & Light Manufacturing	\$7 to \$14	10% to 15%	10% to 15%	7% to 9%
Line Retail	\$20 to \$32	5% to 10%	5%	6.5% to 7%
Service Garage Repair	\$11 to \$19	5% to 15%	10% to 20%	8% to 9%

**Lower Queen Anne Hill: Area 32-30**

<b>Property Type</b>	<b>Rent/SF Range</b>	<b>Vacancy Rate</b>	<b>Expense Rate</b>	<b>OAR</b>
Office	\$16 to \$32	10% to 15%	35%	6.5% to 8.5%
Open Office	\$14 to \$22	10% to 15%	35%	7.5% to 9%
Loft Bsm't.Office Mezz. Office	\$12 to \$20	10% to 15%	35%	7.5% to 9%
Retail, Restaurant	\$14 to \$25	5% to 10%	5% to 15%	6.5% to 8.5%
Line Retail	\$20 to \$30	5% to 10%	5%	6.5% to 7.5%
Basement Finished, Mezz, Balcony	\$7 to \$13	5% to 12%	10% to 15%	8% to 9 %
Discount Store, Supermarket, Dept Store	\$12 to \$22	5% to 15%	5% to 15%	6.5% to 8.5%
Warehouse Storage & Light Manufacturing	\$7 to \$14	10% to 15%	10% to 15%	7% to 9%
Service Garage Repair	\$11 to \$19	5% to 15%	10% to 20%	8% to 9%

Stratification adjustments for the parameters listed were based on quality of construction, effective age, size of rentable area, and location.

On properties where income from parking was valued, a separate income approach was utilized. Typically the assessor included the income component from parking on office buildings with over 50,000 square feet of rentable area. The parking income calculation was developed using the 2006 Parking Inventory for the Central Puget Sound Region, prepared by the Puget Sound Regional Council. This survey found the average monthly and daily rates, and occupancy rates for various areas. Typically the assessor assigned 2/3rds of the stalls a monthly rate and 1/3<sup>rd</sup> a daily rate. A five day work week and no turnaround on parking were considered in the model. The monthly rate ranged from \$65 to \$150/stall and the daily rate ranged from \$6.37/stall to \$7.90/stall depending on the location. The occupancy range was 34.9% to 58.3% and the annual expense rate range applied was 10% to 25%.

## **Income approach calibration**

The models were calibrated after setting base rents by using adjustments on size, quality of construction, and the effective age. When the value of the property by the income approach was less than the land value, a minimal \$1,000 value was allocated to the improvements. For properties where sales and income/expense data was not available, the Cost Approach was utilized.

## **Reconciliation and/or validation study of calibrated value models including ratio study of hold out samples.**

All parcels were individually reviewed for correctness of the model application before final value selection. All of the factors used to establish value by the model were subject to adjustment. The market sales approach is considered the most reliable indicator of value when comparable sales were available, however the income approach was applied to most parcels in order to better equalize comparable properties. Whenever possible, market rents, expenses, and cap rates were ascertained from sales, and along with data from surveys and publications these parameters were applied to the income model.

The income approach to value was considered to be a reliable indicator of value in most instances. The market rental rate applied to a few properties varied from the model but fell within an acceptable range of variation from the established guideline.

## **Model Validation**

### **Total Value Conclusions, Recommendations and Validation:**

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel in the physical inspection neighborhood was field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

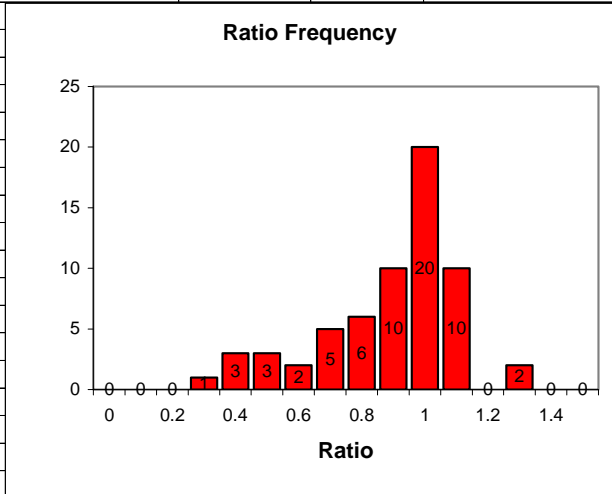
The standard statistical measures of valuation performance are presented both in the Executive Summary and the 2006 and 2007 Ratio Analysis charts included in this report. Comparison of the 2006 Ratio Study Analysis with the 2007 Ratio Study Analysis indicates that the weighted mean statistical measure of assessment level went from 83.8% to 96%. The Coefficient of Dispersion (COD) went from 17.99% to 8.9%, the Coefficient of Variation (COV) went from 25.36% to 11.63%, and the Price-related Differential

(PRD) went from 1.00 to 1.01. This is within the IAAO appraisal guidelines for measures of valuation uniformity and equity.

The total assessed values for Area 32 for the 2006 assessment year was \$3,311,451,480 and the total recommended value for the 2007 assessment year is \$3,946,587,500 (does not include specialty properties but does include mixed use condos). Application of these recommended values for the 2007 assessment year (taxes payable in 2008) results in an average total change from the 2006 assessments of 19.18 %.



## 2006 Assessment Year

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:
Central Crew	1/1/2006	3/27/2007	1/15/04 - 12/27/06
Area	Appr ID:	Prop Type:	Trend used?: Y / N
32	DMAR	Improvement	N
SAMPLE STATISTICS			
Sample size (n)	62		
Mean Assessed Value	1,985,900		
Mean Sales Price	2,370,700		
Standard Deviation AV	3,301,336		
Standard Deviation SP	3,721,562		
ASSESSMENT LEVEL			
Arithmetic mean ratio	0.842	<div>These figures reflect measurements <u>before</u> posting new values.</div>	
Median Ratio	0.911		
Weighted Mean Ratio	0.838		
UNIFORMITY			
Lowest ratio	0.2873		
Highest ratio:	1.2636		
Coefficient of Dispersion	17.99%		
Standard Deviation	0.2134		
Coefficient of Variation	25.36%		
Price-related Differential	1.00		
RELIABILITY			
95% Confidence: Median		<div>These figures reflect measurements <u>before</u> posting new values.</div>	
Lower limit	0.812		
Upper limit	0.950		
95% Confidence: Mean			
Lower limit	0.788		
Upper limit	0.895		
SAMPLE SIZE EVALUATION			
N (population size)	805	includes mixed-use commercial condos	
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.2134		
Recommended minimum:	67		
Actual sample size:	62		
Conclusion:	Uh-oh		
NORMALITY			
Binomial Test			
# ratios below mean:	25		
# ratios above mean:	37		
z:	1.397001397		
Conclusion:	Normal*		
*i.e., no evidence of non-normality			

### 2007 Assessment Year

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:																
Central Crew	1/1/2007	3/27/2007	1/15/04 - 12/27/06																
Area	Appr ID:	Prop Type:	Trend used?: Y / N																
32	DMAR	Improvement	N																
SAMPLE STATISTICS																			
Sample size (n)	62	<div>Ratio Frequency</div> <table><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.7-0.8</td><td>2</td></tr><tr><td>0.8-0.9</td><td>2</td></tr><tr><td>0.9-1.0</td><td>10</td></tr><tr><td>1.0-1.1</td><td>24</td></tr><tr><td>1.1-1.2</td><td>19</td></tr><tr><td>1.2-1.3</td><td>4</td></tr><tr><td>1.3-1.4</td><td>1</td></tr></tbody></table>		Ratio	Frequency	0.7-0.8	2	0.8-0.9	2	0.9-1.0	10	1.0-1.1	24	1.1-1.2	19	1.2-1.3	4	1.3-1.4	1
Ratio	Frequency																		
0.7-0.8	2																		
0.8-0.9	2																		
0.9-1.0	10																		
1.0-1.1	24																		
1.1-1.2	19																		
1.2-1.3	4																		
1.3-1.4	1																		
Mean Assessed Value	2,275,300																		
Mean Sales Price	2,370,700																		
Standard Deviation AV	3,514,150																		
Standard Deviation SP	3,721,562																		
ASSESSMENT LEVEL																			
Arithmetic mean ratio	0.969																		
Median Ratio	0.987																		
Weighted Mean Ratio	0.960																		
UNIFORMITY																			
Lowest ratio	0.6528																		
Highest ratio:	1.2877																		
Coefficient of Dispersion	8.90%																		
Standard Deviation	0.1127																		
Coefficient of Variation	11.63%																		
Price-related Differential	1.01																		
RELIABILITY																			
95% Confidence: Median																			
Lower limit	0.949																		
Upper limit	1.004	These figures reflect measurements <u>after</u> posting new values.																	
95% Confidence: Mean																			
Lower limit	0.941																		
Upper limit	0.997																		
SAMPLE SIZE EVALUATION																			
N (population size)	805	includes mixed-use commercial condos																	
B (acceptable error - in decimal)	0.05																		
S (estimated from this sample)	0.1127																		
Recommended minimum:	20																		
Actual sample size:	62																		
Conclusion:	OK																		
NORMALITY																			
Binomial Test																			
# ratios below mean:	27																		
# ratios above mean:	35																		
z:	0.889000889																		
Conclusion:	Normal*																		
*i.e., no evidence of non-normality																			

***Improvement Sales for Area 032 with Sales Used***

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
032	010	025460	0020	68,746	2167087	\$14,850,000	11/01/05	\$216.01	ARBOR PLACE OFFICE CONDO	DMR/R 240/125	1	Y	
032	010	051240	0010	2,085	2128638	\$949,746	06/02/05	\$455.51	BANNER BLDG RETAIL/LIVE CONDO	DMR/C 125/65	1	Y	
032	010	065400	0045	20,920	2077037	\$6,000,000	10/15/04	\$286.81	IBEW LOCAL 46- TO BE CHURCH	DMR/R 125/65	1	Y	
032	010	065400	0120	17,000	2199410	\$4,580,000	03/31/06	\$269.41	BBFM CREATIVE	DMR/R 240/125	1	Y	
032	010	065500	0055	7,500	2183345	\$1,600,000	01/24/06	\$213.33	RETAIL STORES	DMR/R 85/65	1	Y	
032	010	065700	0010	7,717	2208370	\$3,000,000	05/22/06	\$388.75	BELL AUSTIN A CONDOMINIUM	DMR/R 8/65	4	Y	
032	010	068780	0010	1,284	2016086	\$390,000	01/28/04	\$303.74	BELLORA	DMR/C 125/65	1	Y	
032	010	069400	0125	6,480	2133169	\$1,200,000	06/20/05	\$185.19	FORMER SIT & SPIN SPACE	DMR/C 240/125	1	26	Imp changed after sale; not in ratio
032	010	069400	0165	19,442	2200060	\$3,217,500	04/17/06	\$165.49	THIRD & LENORA BUILDING	DMR/R 125/65	1	Y	
032	010	069600	0105	6,480	2206956	\$2,300,000	05/15/06	\$354.94	ZUM/AMERICAN GAMES	DMR/C 240/125	1	Y	
032	010	069980	0010	1,151	2257898	\$290,500	12/19/06	\$252.39	BELLTOWN LOFTS CONDOMINIUM	DMR/C 85/65	1	Y	
032	010	069980	0020	1,290	2257900	\$349,500	12/19/06	\$270.93	BELLTOWN LOFTS CONDOMINIUM	DMR/C 85/65	1	Y	
032	010	069980	0280	835	2098923	\$215,000	01/26/05	\$257.49	BELLTOWN LOFTS- RETAIL CONDO	DMR/C 85/65	1	Y	
032	010	173480	0030	5,367	2067255	\$1,495,000	09/01/04	\$278.55	CONCORD CONDOMINIUM	DMR/R 125/65	1	Y	
032	010	197720	0540	14,400	2233504	\$2,106,000	08/30/06	\$146.25	ELLIOTT BAY BICYCLES	DMR/C 85/65	1	Y	
032	010	197720	0670	3,960	2189365	\$950,000	02/28/06	\$239.90	WALLY'S GROCERY	DMR/R 85/65	1	Y	
032	010	197720	1150	10,400	2018177	\$1,941,000	02/12/04	\$186.63	OFFICES	DMR/R 125/65	1	Y	
032	010	197720	1165	6,480	2105819	\$1,900,000	03/04/05	\$293.21	SAITO'S JAPANESE CAFE & BAR	DMR/R 85/65	1	Y	
032	010	228544	0020	1,263	2253233	\$440,000	12/01/06	\$348.38	81 VINE BUILDING CONDOMINIUM	DMR/C 125/65	2	Y	
032	010	311050	0020	1,257	2190547	\$330,750	03/02/06	\$263.13	HARBOUR HEIGHTS CONDOMINIUM	DMR/R 240/125	1	Y	
032	010	390590	0015	1,380	2214750	\$357,460	06/13/06	\$259.03	KLEE CONDOMINIUM	DMR/C 125/65	1	Y	
032	010	390590	0016	917	2101043	\$255,900	02/08/05	\$279.06	KLEE- RETAIL CONDO	DMR/C 125/65	1	Y	

032	010	390590	0020	7,818	2092415	\$2,142,000	12/17/04	\$273.98	KLEE CONDOMINIUM	DMR/C 125/65	1	Y	
032	010	390590	0030	1,140	2071143	\$321,000	09/17/04	\$281.58	KLEE	DMR/C 125/65	1	Y	
032	010	520170	0020	1,200	2221861	\$348,000	07/11/06	\$290.00	MATAE BELLTOWN	DMC-65	1	Y	
032	010	560795	0010	1,095	2222000	\$400,000	07/13/06	\$365.30	MONTREUX CONDOMINIUM	DMR/C 240/125	2	Y	
032	010	560795	0010	1,095	2051986	\$266,000	06/30/04	\$242.92	MONTREUX	DMR/C 240/125	2	Y	1st of double sales - not in ratio
032	010	560795	0030	565	2242614	\$245,000	10/11/06	\$433.63	MONTREUX CONDOMINIUM	DMR/C 240/125	1	Y	
032	010	560795	0030	565	2092234	\$146,000	12/22/04	\$258.41	MONTREUX	DMR/C 240/125	1	Y	1st of double sales - not in ratio
032	010	683990	0530	8,471	2229880	\$2,950,000	08/09/06	\$348.25	POMEROY CONDOMINIUM	DMR/R 85/65	2	Y	
032	010	765690	0010	8,312	2067259	\$2,375,000	08/27/04	\$285.73	SEATTLE HEIGHTS	DMR/R 240/125	15	Y	
032	010	780200	0020	978	2208988	\$300,000	05/16/06	\$306.75	SITE 17	DMR/C 85/65	1	Y	
032	010	894635	0010	1,967	2020787	\$480,000	02/27/04	\$244.03	VINE BUILDING THE	DMR/C 125/65	1	Y	
032	010	894635	0535	2,088	2090745	\$429,640	12/17/04	\$205.77	VINE	DMR/C 125/65	1	Y	
032	020	019550	0010	1,150	2187185	\$300,000	02/14/06	\$260.87	ALTERRA CONDOMINIUM PH 1 & 2	SM-65	1	Y	
032	020	198320	0005	25,920	2014446	\$2,470,000	01/15/04	\$95.29	BOISE TECHNOLOGY	NC3-85	1	Y	
032	020	198320	0355	14,400	2186530	\$1,100,000	02/10/06	\$76.39	LITHO BINDERY	IC-65	1	Y	
032	020	198620	0125	12,960	2058165	\$2,215,000	07/28/04	\$170.91	RENOVATED RETAIL/OFFICE	NC3-85	1	Y	
032	020	199120	0845	47,052	2087874	\$6,883,160	12/02/04	\$146.29	OFFICE BLDG. - FORMER AAA BLDG.	NC3-85	1	Y	
032	020	224900	0265	8,860	2084153	\$1,699,000	11/15/04	\$191.76	FULCRUM TECHNOLOGIES	C1-65	1	Y	
032	020	246740	0005	2,880	2030842	\$500,000	04/13/04	\$173.61	THE FAMILY AFFAIR RESTAURANT	IC-85	1	Y	
032	020	269310	0055	46,971	2258499	\$5,800,000	12/27/06	\$123.48	DAWN FOODS	SM-125	1	Y	
032	020	292504	9034	27,116	2242888	\$3,700,000	10/12/06	\$136.45	1310 MERCER BLDG.	SM-75	1	Y	
032	020	302504	9001	77,615	2179915	\$22,000,000	01/05/06	\$283.45	CASEY FAMILY BUILDING	SM-65	1	Y	
032	020	786350	0040	24,400	2096080	\$5,700,000	01/14/05	\$233.61	YOUTH RESOURCE CTR	IC-65	1	Y	
032	030	029420	0020	1,411	2197706	\$490,000	03/30/06	\$347.27	ATHENA	NC3-65	1	Y	
032	030	178460	0010	2,429	2101653	\$710,000	02/14/05	\$292.30	COUNTERBALANCE ONN QUEEN ANNE	NC3-65	1	Y	
032	030	198920	0520	30,000	2102208	\$3,700,000	02/16/05	\$123.33	OFFICE	NC3-65	1	Y	
032	030	198920	1010	50,235	2138905	\$7,900,000	07/15/05	\$157.26	QUEEN ANNE PLAZA	NC3-65	1	Y	
032	030	198920	1020	64,927	2212108	\$11,250,000	06/02/06	\$173.27	FIRST WEST BUILDING	NC3-65	1	Y	

032	030	198920	1150	10,780	2047173	\$1,900,000	06/14/04	\$176.25	16 W HARRISON BLDG	NC3-65	1	Y	1st of double sales - not in ratio
032	030	198920	1150	10,780	2214257	\$2,599,600	06/09/06	\$241.15	16 W HARRISON BUILDING	NC3-65	1	Y	
032	030	199020	0050	0	2247597	\$785,000	10/23/06	\$0.00	DUPLEX	MR	1	Y	
032	030	199020	0224	8,040	2063048	\$1,260,000	08/13/04	\$156.72	WAREHOUSE/OFFICE	NC3-40	1	Y	
032	030	199020	0370	8,650	2242100	\$2,460,000	10/01/06	\$284.39	RESTAURANT	NC3-40	1	Y	
032	030	199120	0095	1,040	2215100	\$650,000	06/15/06	\$625.00	RESTAURANT	SM-85	1	Y	
032	030	387990	2095	2,900	2225687	\$799,000	07/18/06	\$275.52	KOLMAR SHEET METAL	C2-40	1	Y	
032	030	545500	0330	1,446	2215437	\$410,000	06/15/06	\$283.54	MERCER WEST CONDOMINIUM	MR	1	Y	
032	030	545500	0331	1,319	2189435	\$325,000	02/13/06	\$246.40	MERCER WEST	MR	1	Y	
032	030	545780	1438	14,160	2033175	\$3,850,000	04/22/04	\$271.89	NEW TOWER RECORDS SITE	NC3-40	3	26	Imp changed after sale; not in ratio
032	030	721575	0010	743	2251421	\$110,000	11/21/06	\$148.05	RENAISSANCE ON QUEEN ANNE CONDOM	L-3 RC	1	Y	
032	030	724200	0030	2,101	2212075	\$487,500	06/02/06	\$232.03	RESIDENCE AT 5TH AVE NORTH	NC2-40	1	Y	
032	030	766620	1770	24,196	2245590	\$2,250,000	10/25/06	\$92.99	HARLAN FAIRBANKS CO/DOGLOUNGE/UR	IC-45	1	Y	
032	030	769040	0010	1,281	2014080	\$243,000	01/21/04	\$189.70	SELANO	NC3-65	1	Y	
032	030	769040	0020	650	2078371	\$150,000	10/21/04	\$230.77	SELANO	NC3-65	1	Y	
032	030	778775	0010	909	2215832	\$420,000	06/16/06	\$462.05	THE SIENA CONOMINIUM	NC3-65	1	Y	
032	030	884760	0400	418	2029443	\$110,000	04/01/04	\$263.16	UPTOWN	NC3-40	1	Y	

***Vacant Sales for Area 032 with Sales Used***

<b>Area</b>	<b>Nbhd.</b>	<b>Major</b>	<b>Minor</b>	<b>Land Area</b>	<b>E #</b>	<b>Sale Price</b>	<b>Sale Date</b>	<b>SP / Ld. Area</b>	<b>Property Name</b>	<b>Zone</b>	<b>Par. Ct.</b>	<b>Ver. Code</b>	<b>Remarks</b>
032	010	065300	0395	14,400	2178649	\$4,000,000	12/27/05	\$277.78	NORTHWEST PROTECTIVE SERVICE	DMR/C 125/65	2	Y	
032	010	065400	0305	21,600	2213292	\$4,700,000	06/08/06	\$217.59	PINNACLE BUILDING	DMR/C 85/65	1	Y	
032	010	065600	0200	12,960	2217017	\$5,300,000	06/21/06	\$408.95	SURFACE PARKING LOT (VACANT LAND	DMR/R 125/65	1	Y	
032	010	065600	0220	12,960	2095168	\$2,400,000	01/05/05	\$185.19	RETAIL BUILDING (FIRE DESTROYED	DMR/R 85/65	1	Y	
032	010	065600	0550	25,920	2232016	\$8,725,000	08/22/06	\$336.61	MIXED USE RETAIL BUILDING	DMR/R 125/65	1	Y	
032	010	069400	0055	6,480	2232175	\$1,825,000	08/25/06	\$281.64	LES AMIS/FORMERLY CRAWFORD HARDW	DMR/R 125/65	1	Y	
032	010	069500	0295	25,920	2120122	\$9,400,000	05/02/05	\$362.65	2911 2ND BUILDING	DMR/C 125/65	1	Y	
032	010	197720	1155	19,440	2137924	\$3,500,000	07/11/05	\$180.04	RETAIL	DMR/R 125/65	4	Y	
032	020	198320	0030	6,480	2187098	\$1,600,000	02/14/06	\$246.91	NAPA AUTO PARTS & SHOP	SM-85	1	Y	
032	020	198320	0075	9,720	2012553	\$1,200,000	01/09/04	\$123.46	PACIFIC USED CARS	NC3-65	1	Y	
032	020	198320	0635	7,200	2065368	\$1,162,500	08/24/04	\$161.46	WHALE BLDG	IC-65	1	Y	
032	020	198620	0245	13,800	2246822	\$1,888,000	10/27/06	\$136.81	SEATTLE COMMERCIAL SIGN	IC-85	1	Y	
032	020	198620	0275	19,440	2183103	\$3,800,000	01/25/06	\$195.47	RETAIL	SM-85	1	Y	
032	020	198620	0305	13,800	2158508	\$3,950,000	09/28/05	\$286.23	OFFICE BUILDING	SM-125	1	Y	
032	020	198620	0350	252,010	2049671	\$30,152,000	06/25/04	\$119.65	FORMER SEATTLE TIMES LD PARCELS	IC-85	13	Y	
032	020	198820	1175	1,051	2060287	\$35,000	07/28/04	\$33.30	VACANT LOT	SM-85	1	Y	
032	020	198820	1390	24,000	2180555	\$5,000,000	01/09/06	\$208.33	UNITED REPROGRAPHICS	SM-85	2	Y	
032	020	199120	0650	22,768	2236218	\$4,000,000	09/12/06	\$175.69	PARKING LOT	SM-85	1	Y	
032	020	199120	0815	18,175	2256653	\$3,250,000	12/19/06	\$178.82	SEATTLE DINER	SM-85	1	Y	
032	020	216390	0955	33,000	2183478	\$4,850,000	01/25/06	\$146.97	SOUND MIND AND BODY	C2-65	1	Y	
032	020	224900	0405	4,800	2204125	\$530,000	02/15/06	\$110.42	SFR	C1-65	1	Y	
032	020	224900	0405	4,800	2204126	\$530,000	04/18/06	\$110.42	SFR	C1-65	1	Y	
032	020	224950	0075	85,910	2221721	\$12,678,420	07/13/06	\$147.58	KTZZ CHANNEL 22 & KORRY ELECTRIC	SM-65	3	Y	
032	020	224950	0410	5,445	2057833	\$540,000	07/21/04	\$99.17	ADRIATICA RESTAURANT	C2-65	1	Y	
032	020	246740	0210	9,900	2042506	\$970,000	05/26/04	\$97.98	THE PRINTING MAILING CONNECTION	SCM/R 5	1	Y	
032	020	246740	0270	21,600	2190028	\$3,800,000	02/28/06	\$175.93	NEBAR SUPPLY CO	SM/R 55	1	Y	
032	020	246740	0430	14,050	2136700	\$2,200,000	07/05/05	\$156.58	Surface parking lot	SM/R 55	1	Y	

032	020	246840	0005	83,520	2223244	\$19,050,000	07/20/06	\$228.09	SEATTLE TIMES PARK	SM-125	4	Y	
032	020	292504	9094	90,105	2186696	\$9,559,305	02/09/06	\$106.09	BARGREEN ELLINGSON INC	SM/R 55	11	Y	
032	020	302504	9005	18,702	2186879	\$4,250,000	02/16/06	\$227.25	OFFICES J & B BLDG	SM-65	2	Y	
032	020	302504	9040	10,880	2209263	\$2,500,000	05/25/06	\$229.78	IMP CARRIED ON M #9041	SM-65	2	Y	
032	020	302504	9068	170,000	2179919	\$30,000,000	01/05/06	\$176.47	VACANT LAND	SM-65	9	Y	
032	020	338690	0030	12,826	2142191	\$1,800,000	07/27/05	\$140.34	SEATTLE AUTOMOTIVE INC.	SM-65	1	Y	
032	020	684770	0055	7,200	2064295	\$900,000	08/20/04	\$125.00	EARL SOMMERFIELD CPA	SCM 75	1	Y	
032	020	684920	0005	92,160	2215533	\$14,875,000	06/20/06	\$161.40	EVERGREEN WHLSLE FLORIST	SM-75	1	Y	
032	020	786350	0020	21,240	2181234	\$2,700,000	01/11/06	\$127.12	LAND ONLY	IC-65	1	Y	
032	030	198520	0070	36,000	2153418	\$6,700,000	09/09/05	\$186.11	SEATTLE CENTER PARKING LOT	NC3-65	1	Y	
032	030	198820	0105	7,200	2139044	\$1,025,000	07/14/05	\$142.36	QUEEN ANNE AUTO BODY	NC3-65	1	Y	
032	030	198920	0620	28,800	2269068	\$5,887,422	03/02/07	\$204.42	THE MOUNTAINEERS	NC3-65	1	Y	
032	030	198920	0640	21,600	2246881	\$5,000,000	10/31/06	\$231.48	PEMCO TECH. SERVICES INC	NC3-65	1	26	Imp changed after sale; not in ratio
032	030	199020	0005	13,132	2209718	\$1,300,750	05/25/06	\$99.05	LEE CHEE GARDEN	C2-40	1	Y	
032	030	199120	0075	16,966	2212515	\$3,850,000	06/06/06	\$226.92	PARKING LOT	SM-85	2	Y	
032	030	199120	0600	51,840	2086538	\$8,100,000	11/23/04	\$156.25	TEAMSTERS -SITE FOR MIXED USE DE	NC3-85	1	Y	
032	030	387990	1705	37,097	2237561	\$2,950,000	09/18/06	\$79.52	PROPOSED NEW 4-STY OFFICE BUILDI	C2-40	5	Y	
032	030	387990	2050	19,189	2056826	\$1,200,000	07/20/04	\$62.54	PHILLIPS SCALE CO	C2-40	1	Y	
032	030	387990	2265	130,072	2223513	\$13,500,000	07/21/06	\$103.79	DARIGOLD CORPORATE OFFICE	IC-45	1	Y	
032	030	545780	1250	66,646	2021602	\$4,775,000	02/27/04	\$71.65	SEATTLE SCHOOL DIST ADMIN BLDG	L-3	1	Y	
032	030	545780	1285	16,640	2068889	\$1,352,000	09/07/04	\$81.25	SEATTLE TEACHERS ASSOCIATION	L-3	2	26	Imp changed after sale; not in ratio
032	030	545780	1480	7,200	2226740	\$1,450,000	08/02/06	\$201.39	JUST FARES.COM	NC3-40	1	Y	
032	030	545830	0390	12,840	2029451	\$1,400,000	04/01/04	\$109.03	TOWER RECORDS	NC3-40	1	Y	
032	030	766620	2160	46,440	2110263	\$5,050,500	03/24/05	\$108.75	VACANT RESTAURANT - former "Ivar	IC-45	1	Y	